

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE COMMISSIONER OF HEALTH

In the Matter of the License
Application of Perham Fire &
Rescue Association, Inc.,
Perham, Minnesota.

FINDINGS OF FACT.
CONCLUSION OF LAW
AND RECOMMENDATION

The above-entitled matter came on for hearing before Administrative Law Judge Steve M. Mihalchick at 7:00 p.m., January 9, 1990, at Perham City Hall, City Council Chambers, Perham, Minnesota. The record in this matter was closed on January 9, 1990, upon adjournment of the hearing.

Randy Grover, EMS Coordinator, Memorial Hospital & Home, Perham, MN 56573 appeared on behalf of Perham Fire & Rescue Association, Inc. (Applicant). Three persons made statements at the hearing in support of the application: Rick Failing, Administrator of the Memorial Hospital & Home; Larry Bethel, Perham City Manager; and Don Snorek, Director of Emergency Medical Services for Tri-County Hospital in Wadena. Nobody appeared in opposition to the application. No written comments were received after the hearing.

This Report is a recommendation, not a final decision. The Commissioner of Health will make the final decision after a review of the record which may adopt, reject or modify the Findings of Fact, Conclusions, and Recommendations contained herein. Pursuant to Minn. Stat. 14.61, the final decision of the Commissioner of Health shall not be made until this Report has been made available to the parties to the proceeding for at least ten days. An opportunity must be afforded to each party adversely affected by this Report to file exceptions and present argument to the Commissioner of Health. Parties should contact Sister Mary Madonna Ashton, Commissioner of Health, 717 Delaware Street S.E., Minneapolis, Minnesota 55440, to ascertain the procedure for filing exceptions or presenting argument.

STATEMENT OF ISSUE

Whether Applicant's application to provide advanced ambulance service in its primary service area should be granted under the standards set forth in Minn. Stat. 182.802, subd. 3(g).

Based upon the record herein, the Administrative Law Judge makes the following:

FINDINGS QF-FACT

PROCEDURAL HISTORY

1. Applicant is currently licensed to provide basic ambulance service in a primary service area surrounding Perham in northeastern Ottertail County and one township of southern Becker County. On September 20, 1989, it submitted an application for a change in type of service to provide advanced ambulance service within its existing primary service area Ex. 1.

2. On November 15, 1989, the Commissioner of Health issued a Notice of Completed Application and Notice of and Order for Hearing, setting the hearing in this matter for January 9, 1990. Ex. 2. On November 20, 1989, the Notice was published in the State Register at 14 Minn. State Register 1282. Copies of the Notice were mailed by the Department of Health to the Ottertail and Becker County Boards and various ambulance service providers and other organizations that the Department determined might have an interest in the Application. Ex. 4. Copies of an abbreviated notice were published during the weeks of December 11 and 18, 1989, in newspapers in Fergus Falls and Detroit Lakes, Minnesota, the county seats of Ottertail and Becker Counties. Ex. 5.

BACKGROUND

3. Applicant is a nonprofit corporation whose members are the three cities and twelve townships within its primary service area. It was formed 25 years ago. It provides basic ambulance service with variances to carry and use an esophageal obturator airway, semiautomatic defibrillator and MAST pants. It has assisted with the development and training of first responder groups within its primary service area.

4. About four years ago, Applicant and the Perham Hospital District, operator of the Memorial Hospital and Home (Memorial Hospital), began an arrangement for the provision of transfer service from the hospital. Under the arrangement, Memorial Hospital leased one of Applicant's ambulances and provided nurses or paramedics to staff it during transfers. The arrangement proved to be a low cost and successful method of providing interfacility transfers.

5. The members of the Perham Hospital District are the three cities and ten townships around Perham; the same cities and most of the townships that are Applicant's members.

6. With the growing public awareness of advanced ambulance services, the pressure to upgrade Applicant's service has increased. Also, the level of skill of Applicant's first responder groups has advanced to the point where they are providing care at the level Applicant itself provides and there is a desire and need to be able to provide a higher level of care upon arrival of the ambulance and enroute to a hospital. Seeing the need to provide advanced ambulance services, Applicant approached Memorial Hospital for help in developing a response to that need. Ultimately, Applicant and Memorial Hospital agreed to jointly provide an advanced ambulance service with Applicant providing the ambulances and EMTs and Memorial Hospital providing RNs and paramedics and management services.

DESCRIPTION OF THE SERVICE

7 . Applicant and Memorial Hospital have entered into an agreement for the provision of advanced ambulance service. Under the agreement, Applicant will be responsible for providing 20 to 25 EMTs and for providing, operating and maintaining the ambulances and associated equipment. Memorial Hospital will be responsible for all management, accounting and billing services for a management fee of \$850 per month plus 90 percent of gross revenues generated by transfer calls. All remaining revenues will be paid to Applicant. Memorial Hospital will also be responsible for providing a registered nurse or paramedic for all "primary rescue" calls and when medically required on transfer calls, for establishing and maintaining a funded depreciation account from Applicant's revenues and for setting up a computer system to handle the clerical tasks of the operation. Ex. 11.

RELATIONSHIP TO COMMUNITY HEALTH PLAN

8. The 1990-91 Community Health Services Plan Update for Ottertail County contains a provision regarding emergency medical services. Ex. 9. The plan adopts the State goal of ensuring that persons who experience out-of-hospital emergencies be served by a coordinated EMS system. The objective stated is the continue public education programs on responding to emergencies.

9. The 1990-1991 Community Health Services Plan Update for the Multi-County Board of Health that includes Becker County also addresses medical emergencies. Ex. 8. It notes that the two basic requirements for effective responses to medical emergencies are response time and training levels. A fast response in the rural area is of little value if the responders cannot maintain an airway, assure breathing and manage a vital circulation in the patient. Similarly, a highly trained and well-equipped advanced life support team is of critical value only if it can reach the scene of a life-threatening emergency within a few minutes of a critical emergency. Equally essential to the effectiveness of these two elements is the ability of the public to know when and how to request an emergency response. The goal adopted by the plan is also to ensure that residents who experience out-of-hospital acute life-threatening emergencies be served by coordinated emergency medical services system. The stated objectives toward that goal include continued support of regional EMS projects and increased training of persons in the community to recognize the onset of life-threatening emergencies, respond appropriately and gain access to emergency medical services.

10. The West Central Minnesota regional EMS plan also emphasizes public education and training of personnel in the EMS system.

11. Applicant will continue to support efforts of public education and provide first responder training as it has in the past.

COMMENTS OF GOVERNING BODIES AND PUBLIC

12. All the cities and townships within the primary service area are members of Applicant and support the application.

ELETERIOUS-EFFECTS FROM DUPLICATION OF AMBULANCE SERVICES

13. Applicant's primary service area overlaps the edges of the primary service areas of four adjacent ambulance services, Ex. 12. Dakota Medical Transport of Detroit Lakes is the only adjacent service that provides advanced ambulance service at the present time. The overlap with Dakota Medical Transport is the one township in Becker County. Mr. Snorek of Tri-County Hospital in Wadena appeared at the hearing to support the application, as long as there was no change in the current primary service areas. No ambulance service opposed the application. Letters of support were received from Ringdahl Ambulance Service of Fergus Falls, Ex. 6, and Dakota Medical Transport, Inc., of Detroit Lakes, Ex. 7.

ESTIMATED EFFECT ON THE PUBLIC-HEALTH

14. Implementation of advanced ambulance service within the primary service area will benefit the public health by reducing mortality and morbidity. The area includes a great many lakes and has many tourists, many of whom are middle aged and elderly persons who come to the area to fish according to Mr. Failing. These persons particularly are more prone to the more traumatic medical emergencies. Because of these factors and the distances involved, the public health will be better served if advanced care is immediately available at the scene and enroute to the hospital.

15. Physicians in and around Perham uniformly support the application and see it as a benefit to the citizens of the area. Likewise, St. Luke's Hospital of Fargo, which manages Memorial Hospital, supports the application and has offered additional support in training Applicant's life support personnel. Ex. 10.

16. Fire and rescue units in the nearby communities of New York Mill, Vergas and Ottertall provided letters of support for the application.

BENEFIT TO PUBLIC HEALTH VERSUS COSTS OF THE PROPOSED SERVICES

17. Applicant's base rate for basic ambulance service is now \$225 and will increase to \$275 for advanced ambulance service. Its mileage rate will rise from \$3.00 to \$3.75 per loaded mile. Meetings were held with representatives of the cities and townships within the area and these projected costs were discussed.

18. Combining of the resources of Applicant and Memorial Hospital to provide advanced ambulance service does so in a very cost effective manner. Mr. Failing has projected that the Applicant will be able to fund a \$10,000 depreciation account at the rates stated.

19. Three of the major businesses in Perham provided letters of support for the application, noting that they are aware of the costs, have supported Applicant through fund raising efforts over the years and are proud of the service it provides.

Based upon the foregoing findings of fact, the Administrative Law Judge makes the following:

CONCLUSIONS

1. The Administrative Law Judge and the Commissioner of Health have jurisdiction in this matter pursuant to Minn. Stat. 14.50 and 144.802. The Notice of Hearing was proper in all respects and all procedural and substantive requirements of law and rule have been fulfilled.

2. Minn. Stat. 144.802, subd. 3(g) provides:

The administrative law judge shall review and comment upon the application and shall make written recommendations as to its disposition to the commissioner within 90 days of receiving notice of the application. In making the recommendations, the administrative law judge shall consider and make written comments as to whether the proposed service, change in base of operations, or expansion in primary service area is needed, based on consideration of the following factors:

(1) the relationship of the proposed service, change in base of operations or expansion in primary service area to the current community health plan as approved by the commissioner under section 145.918;

(2) the recommendations or comments of the governing bodies of the counties and municipalities in which the service would be provided;

(3) the deleterious effects on the public health from duplication, if any, of ambulance services that would result from granting the license;

(4) the estimated effect of the proposed service, change in base of operation or expansion in primary service area on the public health;

(5) whether any benefit accruing to the public health would outweigh the costs associated with the proposed service, change in base of operations, or expansion in primary service area.

The administrative law judge shall recommend that the commissioner either grant or deny a license or recommend that a modified license be granted

3. The proposed advanced ambulance service is consistent with the current community health plans for Ottertail and Becker Counties.

Both the plans have adopted the State goal of ensuring that persons experiencing emergencies outside of hospitals will be served by a coordinated emergency medical system as soon as possible. Providing advanced ambulance service enhances the provision of emergency medical services.

4. The governing bodies of all the municipalities and townships within the primary service area support the application.

5. The public health will not suffer as a result of any duplication of ambulance services because there will only be duplication at the edge of the primary service area where it slightly overlaps an adjoining area.

6. The proposed service will have a positive effect on the public health because it will provide an improved level of care that is currently not available in the area.

7. The benefits accruing to the public health outweigh the costs associated with the proposed service.

Applicant and Memorial Hospital have designed a system that should make the advanced ambulance service available on a very cost effective basis that is projected to maintain costs at a level acceptable to the public in the primary service area.

8. The proposed service is needed and the application for advanced ambulance service in the existing primary service area should be granted.

Based upon the foregoing Conclusions, the Administrative Law Judge makes the following:

RECOMMENDATION

IT IS HEREBY RESPECTFULLY RECOMMENDED that the Commissioner of Health grant the application of Perham Fire & Rescue Association, Inc., to provide advanced ambulance service within its existing primary service area.

Dated this 7th day of February, 1990.

STEVE M. MIHALCHICK
Administrative Law Judge

Reported: Taped, not transcribed, tape no. 8413.